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HELPING BALI'S POOR

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A Swiss banker went to the holiday island for a vacation...and ended up being a champion to improve the lives of its most impoverished inhabitants

In 2004, Swiss national **Daniel Elber** visited the Indonesian island of Bali for a holiday. While he took in the island's famed beaches and abundant entertainment options for tourists, he also came across a less publicised fact about the vacation hotspot: beggars.

Elber, then a managing director at Swiss bank UBS, learnt that the beggars were from Muntigunung, the poorest settlement in Bali. He was disturbed enough to establish Verein Zukunft fuer Kinder Zuerich – Future for Children (FFC) in English – to help the Muntigunung community develop a sustainable means of livelihood.

SETTING UP SHOP

Muntigunung lies on the north-eastern side of Bali along the steep arid slopes, making irrigation and access to fresh water extremely difficult. Its location, over 50 kilometres away from the tourist areas of Denpasar and Kuta, makes it difficult to make a living off the island main source of income. Sanitary conditions were dire, and access to education and health services was extremely limited.

It was with this state of affairs in mind that Elber set out the following goals:

1. Secure water supply of 25 litres per head per day;
2. Secure one-job-per-family with a minimum income of US\$100 per month;

3. Reduce the high child mortality rate of 90/1000 by 50 percent;
4. Assure an adequate education for all children.

FFC was set up in December 2004 as a non-profit organisation with the aim of improving the living conditions of the poor in South East Asia. If the Muntigunung model proved successful, it could potentially be replicated elsewhere.

Between 2005 and 2015, the association increased its membership base from 100 to 350 people, with annual membership set at 100 Swiss francs (approximately US\$107). Its board comprised eight members of high social standing, and was elected by members from within the association.

The primary function of the board was to operationally manage the association, which included other fund-raising activities that targeted large donors and foundations in Switzerland.

Following big contributions from the private sector, FFC had enough money to begin operations in 2015. “At present the operative budget amounts to around US\$500,000 yearly,” Elber said. “That’s what we usually raise per year. Over the past years, our administrative and fundraising costs were around 7 percent. The rest of the funds went to Bali.”

MAKING A DIFFERENCE

The first pilot project was launched in 2006 to repair damaged substandard household water tanks. Families were taught effective methods for water purification, safe storage and tank maintenance. Communal water tanks with storage capacity of 250-400 square metres were also built.

The projects ultimately secured a sustainable supply of water for 19 villages, benefiting 3,200 inhabitants. Fixed costs for the project were US\$53,311 per village, with a marginal upkeep cost of US\$0.01 per litre of water.

With water security ensured, Elber next targeted ways to improve the villagers’ economic productivity. Entrepreneurs from various fields in Bali were invited to lead workshops, brainstorming ideas for products that could be produced in Muntigunung and sold in Bali or further afield.

The focus was on providing paid training to improve or add value to existing products and activities undertaken in Muntigunung. Participants were provided an IDR 20,000 (US\$1.47) per day wage during training, which was paid out weekly. Training took an average of two years to complete, after which a trainee’s skills and social enterprise activities were sufficiently developed to provide a livelihood.

Special attention was given to improving land utilisation, which led to the cultivation of cashew crops, palm trees, rosella and mangoes. Locally grown produce was cleaned, processed and marketed as higher value agricultural products at the retail level.

The most successful livelihood project was the trekking service, which began in 2008. The village was located 200 to 800 feet above sea level, overlooking a vast seashore along steep slopes, offering spectacular vistas. And the women of Muntigunung were ideal guides given their familiarity with the trails from hiking up and down the mountain for water.

In 2011 the trekking service won the Skål International Ecotourism Awards. From there, Elber successfully solicited the support of the Bali Hotel Association. It was an association of 120 upscale hotels in Bali and the biggest employer on the island. The trekking service was strongly endorsed by its members, such as the Four Seasons, Intercontinental and other hotels. The hotels also bought Muntigunung products at wholesale and offered them as gifts to their guests.

“The idea of bringing tourists to experience un-spoilt breathtaking scenery and involving them emotionally into the development programmes turned out to be great,” Elber explains. “It gave us great exposure. The village women really appreciated this new opportunity.”

In the six years since the launch of the service, trekking had brought in US\$800,000 in donations from trekkers and associated foundations. By 2014, Muntigunung boasted three independent, profitable social enterprises; besides the trekking, there was a food processing company and a packaging company. The Muntigunung Community Social Enterprises, as it was known, generated annual sales of US\$260,000. With a target of 1,000 jobs, 220 jobs had so far been created.

WHAT NEXT?

Despite these achievements, Elber continued to have concerns about the tasks looming ahead. The capacity building projects under the FCC’s initiative were at a crossroads. Local villagers would soon be handling the financing activities of these programmes, which would be turned into self-financed independent enterprises. Additional funds were needed to replicate successful projects and initiate new projects to the remaining settlements in the community. Production capacity, facilities and sales volumes all needed to be scaled up.

Several challenges had to be addressed for a smooth transition and to make the programme scalable and sustainable: How could the ownership of projects be transitioned to the community without impeding the mission’s goal? How could FCC secure additional funding? What strategic changes were needed to equip the villagers to be independent administrators of projects, as well as of their community? With its current model, would FCC be able to achieve its goals within the next ten years?